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## CITY OF KELOWNA

# MEMORANDUM

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**Date:** September 20, 2006  
**File No.:** 0870-20

**To:** City Manager

**From:** Civic Properties Manager

**Subject:** Okanagan Gymnastic Centre (OGC) Expansion Loan & Lease Amendment

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### **RECOMMENDATION:**

**THAT** Council support borrowing \$800,000 to expand the existing Okanagan Gymnastics Centre at 375 Hartman Road in the Rutland District Recreational Park, and to recover this loan in its entirety through lease payments over 20 years;

**AND THAT** staff be directed to bring forward the requisite Okanagan Gymnastics Centre Construction Loan Authorization Bylaw for Council's consideration;

**AND FURTHER THAT** staff prepare all documentation required to engage the Alternative Approval Process to seek public approval of the bylaw amendment.

### **BACKGROUND**

In 2001, the City built a 12,000 square feet (1115m<sup>2</sup>) Gymnastics training facility in the Rutland District Recreational Park. The budget for the \$1million facility was constituted equally by a grant and loan. The lease, dated January 25, 2001, charges a rent based on repaying the loan plus interest, amortized over a 20 year period. The OGC has consistently met its annual lease payments of \$51,295/year and made a further building reserve contribution of \$3,600/year.

The centre has offered quality programs in recreation, competition, elite athletic training and coaching. Gymnastics is seen as a core skill for all competitive sports, and except for swimming, is the only organized sport training available to children 18 months of age and older. The OGC has already cultivated a world champion. Member athletes are currently winning at the junior national level, and with the recent addition of a new coach, are competing internationally. Of the 18 Canadian medals achieved at the recent Indo-Pacific Championships in South Africa, 5 were won by members of the OGC. Since 2001, membership has grown from 500 to 1,750 members. Membership has outgrown the current facility. There is a current waiting list of an additional 150 members and growth is expected to continue for the next decade, partly due to the facilities ability to attract athletes from across the country.

The club considered several options to increase its capacity including a new stand-alone facility, satellite programs in shared or dedicated rented space in another location, and expansion of the existing facility. Expansion was easily the most cost-effective solution, especially from an operational and coaching perspective. The OGC has requested that the City expand the facility by 2,740 square feet (230m<sup>2</sup>) to fully occupy the remaining site between the existing gymnastics

facility and the Boys and Girls Club to the North. This would allow for a 40% expansion of peak participation and meet the projected overall growth demands for another 10 years. A local consultant and two independent contractors have provided costing information to substantiate a project budget not to exceed \$800,000. The OGC intends to repay the total cost of expansion, plus interest, over a 20 year period, through an amended lease. A detailed business plan has been provided to demonstrate their ability to pay based on the increased revenues that would be attracted by a larger facility and through increases in their program fee structure that are long overdue.

The Financial Services Department has reviewed and endorsed the Business Plan. They have also determined that this loan would be within the City's borrowing capacity. The Recreation Manager has advised that the OGC is a valuable partner in recreational programming.

This loan would require a new borrowing bylaw. This would require sanctioning through the Alternative Approval Process. If the Bylaw was approved, a public solicitation for design-build proposals would be conducted early in 2007.

Randy Cleveland  
Civic Properties Manager

c.c. Director, Recreation Parks and Cultural Services  
Recreation Manager  
Financial Planning Manager